

**MEETING OF THE GENERAL
GOVERNMENT RETIREMENT BOARD
January 13, 2022**

A Regular meeting of the General Government Retirement Board was held on **January 13, 2022 at 5:00 p.m.** in the City Council Chambers at City Hall, Bristol, CT. Members present: Chairman Tom Barnes, Jr. (Zoom), Mayor Jeffrey Caggiano, Council Member Olsen, Comptroller Diane M. Waldron, Commissioner's David Butkus, Orlando Calfe, Peter Dauphinais, Thomas DeNoto, Paul Keegan, Frank Rossi, and William Veits. Absent: Vice Chairman David Preleski.

Also present: John Oliver Beirne from Beirne Wealth Consulting
Rebecca Seilman & Michelle Boyles from Milliman

1. Call to Order.

Pledge of Allegiance

The meeting was called to order at 5:00 p.m. by Commissioner DeNoto.

2. Item 2-Public Participation.

Mark Whitford, 136 Empire Way, addressed the Board and discussed recent changes that have been made to the retirement plan including health benefits, the DROP program, etc. and discussed how those changes could have impacts on the plan in the near future. He also discussed possible investment opportunities. Chairman Barnes asked that he submit any investment opportunities to Beirne Wealth for due diligence before they are presented to the Board.

3. Item 3 - Minutes for the Regular meeting of December 9, 2021 were approved.

A motion was made by Commissioner Keegan and seconded by Commissioner Butkus and it was unanimously voted to:

"Approve the minutes of the Regular General Government Retirement Board meeting of December 9, 2021 and place them on file."

4. Item 4 - Treasurer's report December 2021

A motion was made by Commissioner Keegan and seconded by Commissioner Calfe and it was unanimously voted to:

"Accept the Treasurer's Report for December 2021 and place it on file."

5. Item 5 – Consideration of a request to approve the Normal Retirement from Lori Carnein, Bristol Burlington Health Department, Local 1303 effective December 18, 2021.

A motion was made by Commissioner Keegan and seconded by Commissioner Butkus and it was unanimously voted to:

"Approve the request for Normal Retirement from Lori Carnein, Bristol Burlington Health Department, Local 1303 effective December 18, 2021 with an annual pension amount of \$51,103.20 or \$4,258.60 monthly."

6. Item 6- Consideration of a request to approve the Disability Retirement from Michael Minella, Fire Department, Local 773 effective December 3, 2021.

A motion was made by Commissioner Butkus and seconded by Commissioner Keegan and it was unanimously voted to:

“Approve the request for Disability Retirement from Michael Minella, Fire Department, Local 773 effective December 3, 2021 with an annual pension amount of \$62,739.78 or \$2,406.46 bi weekly.”

7. Item 7- Consideration of a request to approve the Normal Retirement from Loukia Orlando, Board of Education, Local 2267 effective December 1, 2021.

A motion was made by Commissioner Keegan and seconded by Commissioner Veits and it was unanimously voted to:

“Approve the request for Normal Retirement from Loukia Orlando, Board of Education, Local 2267 effective December 1, 2021 with an annual pension amount of \$13,329.20 or \$1,110.77 monthly.”

8. Item 8- Consideration of a request to approve the Normal Retirement from Yolanda Rodriguez, Bristol Burlington Health Department, Local 1303 effective December 1, 2021.

A motion was made by Commissioner Veits and seconded by Mayor Caggiano and it was unanimously voted to:

“Approve the request for Normal Retirement from Yolanda Rodriguez, Bristol Burlington Health Department, Local 1303 effective December 1, 2021 with an annual pension amount of \$18,703.62 or \$1,558.64 monthly.”

9. Item 9- Consideration of a request to approve the Early Retirement from Jackie Soucy-Field, Board of Education, Local 3551 effective December 11, 2021.

A motion was made by Commissioner Dauphinais and seconded by Commissioner Keegan and it was unanimously voted to:

“Approve the request for Early Retirement from Jackie Soucy-Field, Board of Education, Local 3551 effective December 11, 2021 with an annual pension amount of \$16,424.38 or \$1,368.70 monthly.”

10. Item 10- Consideration of a request to approve the Normal Retirement from Judy Ann Zipp, Board of Education, Local 2267 effective December 1, 2021.

A motion was made by Commissioner Calfe and seconded by Commissioner Keegan and it was unanimously voted to:

“Approve the request for Normal Retirement from Judy Ann Zipp, Board of Education, Local 2267 effective December 1, 2021 with an annual pension amount of \$12,760.60 or \$1,063.38 monthly.”

11. Item 11- Milliman Actuarial Valuation Presentation and to take any action as necessary.

Rebecca Sielman, of Milliman, presented the results of the Actuarial Valuation. She reviewed the historical context of the plan's membership and noted that there were more retirements and more deaths than expected during the year. The vacancies resulting from retirements were largely filled by new hires, however there are currently more members in pension status than in active pay status. The large amount of retirements also resulted in an increase in liability. As of July 1, 2021 retirees collected approximately \$27 million in benefits annually. Ms. Sielman went over the demographics of the active membership and discussed member's age vs. years of service. Based on the data, the actuaries expect a steadily high number of retirements.

Asset Performance: The plan experienced phenomenal returns at the end of the 2021 fiscal year (up approximately 30.85%). Since years like this are out of the ordinary in terms of returns, the actuaries use an asset smoothing method to accurately minimize the effects of a year with abnormally high or low returns. Ms. Sielman reminded the Board of the proposal from the Five Year Experience Study which lengthened the asset smoothing method from four to five years.

Interest Rate Assumption: Much of the same information from the Experience Study presentation was reviewed. The actuaries looked at expected returns over a long period of time and started with an interest rate of 6.22% then added a margin to account for active management.

Accrued Liability and Funding Status: The actuaries expect an increase of liabilities even with no assumption changes. This is typical for a plan as old as the City's. The unfunded accrued liability is negative because the plan is currently overfunded. The Board was reminded of the impacts to the funded ratio by changing the interest rate assumption to either 6.75% (132.6% funded ratio) or 6.5% (129.8% funded ratio). In the long run, assuming the investment returns stay the same, if the City continues to make no contributions to the plan the surplus will continue to disappear.

The Board engaged in significant discussion regarding the proposed interest rate assumptions. John Oliver of Beirne Wealth briefly discussed the overall market and how the portfolio is currently positioned to address some of the issues brought up in the Experience Study and the Actuarial Valuation. The Board will continue to review and modify (if needed) the interest rate assumption approximately every five years. The last time the interest rate assumption changed, it was reduced incrementally (partly due to the combining of the Police, Fire, and City plans). Comptroller Waldron also stated that they will be issuing bonds next month. If the interest rate assumption is lowered, it will likely be questioned but understood given the timing of the Experience Study. Commissioner DeNoto questioned if the portfolio could be positioned in a way to make the fund more conservative to guarantee the returns needed to supplement the difference between active employee's contributions and the amount being paid out to pensioners (approx. \$2.35 million monthly). John Oliver explained that this would be considered liability driven investing, and the bond markets are very low at this point in time. It would be very difficult to find any investment that guarantees returns of that level. The investment policy is already set up to optimize every unit of risk and return. There was also discussion regarding the 110% funding ratio cutoff where the City would be required to make contributions per several union contracts.

A motion was made by Chairman Barnes and seconded by Mayor Caggiano and it was unanimously voted to:

"Accept the actuarial recommendations from the five year experience study as proposed with an interest rate assumption of 6.5%"

Based on the Board's decision, Milliman will issue the new report.

12. Item 12 – Investment Review – Beirne Wealth Consulting, LLC.

- **General Retirement Fund**

John Oliver Beirne, of Beirne Wealth, provided an overview of the portfolio. The portfolio is currently priced at \$831,995,262 with about 30% unpriced. John Oliver also briefly reviewed market patterns, specifically the early 2000s, and noted that the Treasury rates are quite low at this point in time. Beirne Wealth is monitoring them and will update the Board accordingly. The portfolio ended the year up approximately 16.05%, where the benchmark was just over 11%. John Oliver also discussed the Equity portion of the portfolio and made note that while exposure was reduced, due to its performance, Equities is now just under 60% of the entire portfolio. He additionally reviewed a letter from Zephyr Peacock Funds and discussed a new investment opportunity they may have. An update on that opportunity will be provided at the February Meeting.

Equity has increased 18.79% in a one year period. As of December 31, 2021, most of the pricing was missing on the private equity portion of the portfolio. The Real Estate portion of the portfolio is currently missing all pricing. The year-end Corrum Capital pricing has also not come in yet. Overall, the portfolio's returns for the 2021 Calendar Year were favorable. John Oliver responded to the Board's previous requests to hear from managers. Boyd Watterson may be able to come in and do a review for the Board. They are currently about 7% of the City's portfolio and have government real estate investment opportunities which offer a degree of security.

13. Item 13—Update on contract negotiations with Beirne Wealth Consulting for Advisory Services.

The contract is ready for execution and exchange of documents. The contract covers a five year term commencing November 1, 2021 and requires an 80 day notice of termination. The contract will be sent out to Board members to review before a vote to accept it.

14. Item 14- Any other business proper to come before meeting.

None.

15 Item 15- Adjournment

At 6:11 p.m. a motion was made by Mayor Caggiano and seconded by Commissioner Calfe and it was unanimously voted to: "Adjourn."

Respectively submitted,

Diane M. Waldron

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Comptroller and Secretary, Retirement Board